

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

Washington, November 21, 1949

X Background Statement on Loans to Central Electric Power Cooperative, Linn, Missouri, and the Sho-Me Power Corporation, Marshfield, Missouri. X

The Rural Electrification Administration has approved two loans totaling \$13,350,000 for new generating and transmission facilities to deliver low-cost hydroelectric power from Government-built dams in northern Arkansas to 15 REA-financed distribution cooperatives in power-short central Missouri, the U. S. Department of Agriculture announced today.

Largest of the two loans, \$11,350,000, was approved for the Central Electric Power Cooperative of Linn, Missouri, a new REA borrower made up of five distribution co-ops and the Sho-Me Power Corporation of Marshfield, which has a close working arrangement with 10 other distribution cooperatives in central Missouri.

The loan to the new REA borrower will finance the construction of a steam generating plant and a transmission system consisting of 465 miles of lines. This proposed network will serve 35 counties in Missouri and will deliver power from Bull Shoals dam to the load centers of the five member cooperatives and the Sho-Me Power Corporation. The dam, now under construction by the Army Corps of Engineers, is scheduled for completion in 1953.

At the same time, REA approved a loan of \$2,000,000 to the Sho-Me Power Corporation. This loan, together with another made to that corporation in March, 1949, will enable Sho-Me to construct 371 miles of 69 KV transmission line. This system will transmit power to the distribution cooperatives and the urban centers served by the corporation. The previous loan approved to Sho-Me for this purpose was in the amount of \$2,159,500.

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Engineers for the Central Power Cooperative, Sho-Me, and REA estimate that when the new systems are in operation enough power will be available to bring electricity to approximately 36,000 farm families and other rural residents in the area who do not now have it, and to improve the service of the 58,000 now receiving it. The five co-ops and Sho-Me, which make up the membership of the Central Power Cooperative, now serve about 23,400 consumers. Other distribution co-ops associated with Sho-Me serve about 28,000 more. Six towns which are part of the Sho-Me operation also will benefit from the new and more adequate source of power. These are St. James, Rolla, Cuba, Sullivan, Steelville, and Cabool. They now serve 7,200 consumers from their municipally-owned systems, which are served power at wholesale by Sho-Me.

Power cost studies made by engineers for the new power cooperative indicate that the six REA borrowers in the federated co-op will save about 50 percent under their present power bills when the proposed facilities go into operation. In addition, the six rural power distributors will have assurance of an adequate and dependable supply of power for many years to come -- an assurance which the present suppliers of power were unable to give.

It is estimated by the cooperatives that this power supply will save them \$1,520,000 in power costs in 1954, the first year of operation. The savings will grow as the power requirements increase in subsequent years.

The new transmission systems are designed for integration with the present and planned transmission network of the Southwestern Power Administration in the area. SPA is the marketing agency for hydroelectric power produced at Government dams in the Southwest. Under long-term lease agreements, SPA will operate and maintain the systems, paying rental sufficient to amortize the loans over a maximum period of 35 years. When the loans, which bear 2 percent interest, have been repaid, title to the transmission systems will pass to SPA. The cooperative will continue to own the power plant.

Under its agreement with SPA, the Central Power Cooperative will be assured of 70,000 KW of power from Bull Shoals dam, while Sho-Me under its arrangement with the agency will be assured of 7,000 KW from Norfolk Dam. Central's transmission system will consist of 182 miles of 154 KV line to connect the proposed steam plant with Bull Shoals, and 283 miles of 69 KV line to feed the load centers of its members. All of Sho-Me's proposed transmission system will consist of 69 KV line.

Existing and potential consumers in all or part of these counties will benefit from the facilities proposed by the Central Power Cooperative: Howard, Miller, Jefferson, Howell, Audrain, Camden, Dent, Cole, Washington, Oregon, Monroe, Maries, Wright, Christian, Crawford, Carter, Boone, Franklin, Webster, Green, Callaway, Shannon, Randolph, Gasconade, Laclede, Douglas, Montgomery, Phelps, Chariton, Osage, Dallas, Ozark, Pike, Pulaski, and Texas.

Sho-Me's new lines, replacing a 33 KV system it purchased from the Missouri Electric Power Company in 1943, will benefit consumers in these counties: Texas, Howell, Wright, Douglas, Ozark, Webster, Laclede, Camden, Pulaski, Maries, Phelps, Crawford, and Franklin.

The new steam plant, which will be built on the Missouri River near Jefferson City, will give the area another source of power. Its entire output of 15,000 KW will be purchased by SPA. Much of it will be used to firm up the capacity of the 154 KV line, thus improving its service dependability.

Approval of the loans culminates nearly 10 years of effort by the co-ops associated with Central and Sho-Me to get a more adequate source of power at rates they can afford to pay. For the most part, they have been supplied by municipal operations which they long ago outgrew. In addition, the towns have asked to be relieved of the loads in order to serve their own increased demands for service. In areas where power companies have facilities, the price of power to co-ops has been so high as to preclude the possibility of their achieving area coverage.

Engineers for the Central Cooperative describe the area as a "power vacuum." They point out that the large steam generating plants serving Missouri are located on the rim of the State -- East St. Louis, Illinois; Kansas City, Missouri, and Riverton, Kansas. Furthermore, they say, with a single exception, the transmission network leading from the rim to the center of the State is for the most part too low in capacity. The exception is a 138 KV line from which the co-ops are unable to take power because of the high rate demanded by the owners.

The cooperative engineers conclude that the result is a "power vacuum" because "power is either not available or, in the case where it is, it costs too much."

The Central Power Cooperative is the fourth such power cooperative to be organized in Missouri. The KAMO Electric Cooperative of Neosho is currently serving two distribution co-ops. The M & A Electric Power Cooperative of Poplar Bluff is building generation and transmission facilities to serve three co-ops and the Northeast Missouri Electric Power Cooperative of Palmyra is constructing facilities to serve four co-ops in Missouri and one in Iowa.

Largely because of the critical shortage of power, only about 61 percent of all Missouri farms are electrified, as compared to a national average of 78 percent. The power requirements of the 47 REA borrowers in the State for 1949 is estimated at 123 percent over the actual requirements in 1946, indicating the large number of farms still waiting for service and greatly increased use of power by those with service.

Central Power Cooperative is made up of the following distribution co-ops:

Three Rivers Electric Cooperative of Linn, also a member of the Sho-Me Corporation; Howard Electric Cooperative, Fayette; Boone Electric Cooperative, Columbia; Callaway Electric Cooperative, Fulton; and the Consolidated Electric Cooperative of Mexico, Missouri.

The sixth member of the new cooperative, the Sho-Me Power Corporation, is affiliated with the Intercounty Electric Cooperative Association, Licking; Ozark Border Electric Cooperative, Poplar Bluff; Laclede Electric Cooperative, Lebanon; White River Valley Electric Cooperative, Hollister; Howell-Oregon Electric Cooperative, West Plains; Southwest Electric Cooperative, Bolivar; Crawford Electric Cooperative, Bourbon; Webster Electric Cooperative, Inc., Marshfield; Se-Ma-No Electric Cooperative, Inc., Mansfield, and the Gasconade Electric Cooperative, Dixon, and the Three Rivers Electric Cooperative.

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